



May 3, 2005

Cove Improvement District Update:

The City has programs in place to assist very low- to moderate-income families.

Low- to moderate-income households in the Cove will be able to receive financial assistance from the City's Redevelopment Agency Housing funds in the form of "no-interest" loans that are paid back when property changes ownership. This financial assistance will pay all the costs, including assessments, hook-up and water agency fees, for very low-income households. Based on a sliding scale, low- to moderate-income households can receive varying levels of assistance.

These funds are available to all qualified Cove property owners in the proposed Cove Improvement District just like in the other assessment districts in the City. The funds enable low- to moderate-income households to participate in public improvements, without affecting their monthly budget. This program has been very successful and the "no-interest" loan concept is used within all cities in California to help such households. When a property is sold and the "no" interest loan is repaid, the funds are then available to help another low- to moderate-income household. **For more information on the City's Housing Assistance programs, call (760) 770-0364 or visit www.cathedralcity.gov.**

There is also a California tax postponement program available through the State Controller's Office for seniors (over 62-years old), blind or disabled persons on a very low income (below \$24,000). This program postpones all property taxes, including assessments. The website is www.sco.ca.gov (click on 'tax information') and the State's phone number for the program is (800) 952-5661.

Spending existing grant funds in just the lower Cove would cover about 1/6th of the project.

The Cove sewer and street project will cost \$38.1 million. Without an assessment district, the \$6.4 million grants already received for the project would only be able to complete approximately 1/6th of the project. It is unclear whether another assessment district could be formed in time to match the grants. It is also unclear, until the votes are in, if there would even be support for another district in any segment of the Cove.

Forming the Cove Improvement District allows all property owners to benefit from the \$6.4 million (\$5.3 million from the State and the \$1.1 million from the City's RDA). *The Cove Improvement District provides a \$4,000 savings per typical single-family home in all parts of the Cove.* For example, if your assessment is \$20,186, without the grants it would have been \$24,186. If the district is not formed, and work is initiated in only the lower Cove, properties in the upper Cove would ultimately have much higher costs than are being proposed today, and they would not get the benefit of these grants.

If the Cove Improvement District is not formed, project costs will continue to rise.

The cost for the project will only increase in the future; construction costs continue to rise--they are now rising approximately 1% a month--which is 12% a year. Even at a conservative 8%, the project would increase \$3 million in one year.

The assessment for the Cove Improvement District stays with the property.

If you sell your property, the new property owner will be responsible for the annual assessment. A property sale does not force you to pay off the whole assessment. The remaining amount of the assessment owed transfers to the new property owner.

The assessed value your property will not increase as a result of the sewer and street improvements

The sewer and street improvements will be made in the public right-of-way and the only work that will be done on private property is the hook up to the sewer lateral. This type of work is considered maintenance and does not trigger an increase in property values. There will be no increase in the assessed value of a person's property from the Cove Improvement District. This is factual information that has been verified with the Riverside County Assessor's Office.

Your entire assessment can be paid off in full at any time; a 10% cash discount is given if done in July during the "cash collection" period.

If you pay your assessment in full before the bonds are sold there will be discount of approximately 10%. The period when this 10% discount is available is called the "cash collection" period and will be in July 2005. You will be notified of the dates for this cash collection option if the district is formed. During the "cash collection" period, you can also choose to pay off a portion of it and get the discount, with the rest subject to the 30-year bond financing or pre-payment. You can pay off your assessment at any time, or you can pay parts of it, but once it goes to the 30-year bond financing, there will be a 2-3% pre-payment amount charged for lump sum payments. Most people will pay the assessments over 30 years; however, there are some who will want to pay it in full during the "cash collection" period to receive the discount.

The value of each Cove property assessment will determine if the Cove Improvement District forms.

The Cove Improvement District will be formed if the vote in favor is \$1.00 over 50% of the total property assessments voting in the district. It will not be formed if the vote in favor is less than that. All the assessments are added up to determine the vote; the weight of an individual property vote is based upon the dollar amount of its assessment. This follows Proposition 218 rules and the State of California Law for using 1913/1915 Act which governs forming assessment districts for public improvements.

The City and the Redevelopment Agency will pay approximately 5% of assessments.

The City of Cathedral City and the Redevelopment Agency currently own approximately 5% of the property in the proposed district with assessments that will need to be paid in the amount of approximately \$2.1 million. These assessments will be paid annually and will transfer to the new property owner when the property purchased by the private sector.

The \$2.1 million represents approximately 5% of the vote for the entire district. The boundaries for the proposed district were determined by AB 358, and include all un-sewered areas within the Cove. This includes the properties that are part of Redevelopment and also some that are owned by the City.

The Cove Steering Committee was initiated by the City and will continue during construction.

In December 2004, all property owners were invited to join the Cove Steering Committee to address the need for sewers in the Cove. The Steering Committee is comprised of many people who volunteered to come forward to serve on this working committee. The Cove Steering Committee will continue to meet with the City as a working group during design and construction of the project, if the District is formed.

Anyone from the Cove who wants to participate and come to the meetings is welcome to attend. The meetings usually last 2-3 hours and have been held every two weeks on Tuesdays at City Hall. The next Cove Steering Committee meeting is scheduled Tuesday, May 10th at 6:30 p.m.

The City has started an email list for the Cove.

If you would like to receive email updates about the proposed Cove Improvement District project, please visit www.cathedralcity.gov and submit your email. You can also contact Martha Van Rooijen by email at Martha@mvrconsulting.com.

Balloting will end on June 8th.

Ballots have been mailed to all Cove property owners. The ballots can be returned by mail or brought to the City Clerk at City Hall, 68-700 Avenida Lalo Guerrero, Cathedral City, until the close of the Public Hearing for ballot tabulation which is set for 6:30 p.m. at the June 8th City Council meeting.

If you have not received a ballot, please call the Cove Helpline (760) 250-8673 so that we can take care of it.

Sincerely,

Julie Baumer
Deputy City Manager